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June 19, 1981

Boston Redevelopment Authority
City Hall
One City Hall Square
Boston, Massachusetts 02201
Attention: Matthew A. Coogan, Project Coordinator

CRA #1495

Re: Market Analysis for Downtown Crossing


Dear Mr. Coogan:

Charles River Associates (CRA) is very pleased to submit this letter of interest and qualifications to carry out the proposed Market Analysis Study of Downtown Crossing in response to Robert J. Ryan's letter of June 8, 1981. CRA has extensive experience in assisting businesses in their location decisions, and in analyzing business costs, performance, and profits. We are also very familiar with Downtown Crossing, having developed the initial evaluation strategy for Downtown Crossing, and having documented its history and development.* We believe that the success of Downtown Crossing is integral to Boston's on-going revitalization efforts and are pleased to submit this letter of interest for the proposed study of interventions which would allow the Downtown retail area to capture a larger share of the regional market.

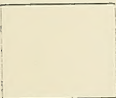
The proposed study involves several key elements. First, a quantitative analysis of the current regional retail market and the role of Downtown Crossing in that market is required. This includes analyses of business costs and performance by store type and small area within the study area and between it and other regional retail subareas. Second, strategies to enhance the share of Downtown Crossing in key markets will be developed. Third, the ability of the Downtown Crossing to attract desirable retailers will be evaluated and strategies to increase the downtown area's attractiveness will be developed. Finally, the study calls for participation in the development of actions and policies for both the public and private sectors.

*Charles River Associates, Auto Restricted Zone Evaluation Strategy, prepared for TSC/USDOT, April, 1978; Charles River Associates, Analysis of the Legal and Implementation Aspects of the Boston Auto-Restricted Zone, 1980.

Downtown
Crossing



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Boston Redevelopment Authority
June 19, 1981
Page Two

An important element in developing scenarios of retail mix and targeted customer groups will be an evaluation of strategies to increase the attractiveness of the Downtown area to key retail markets. Much has been learned from U.S. and European experience about how auto restrictions affect the performance and customer base of different types of retail establishments. In developing strategies, actions taken by successful downtown retail areas in other cities (e.g., Atlanta, mid-town Manhattan) will also be considered.

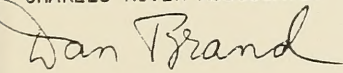
The elements of the analysis are closely interrelated and require a systematic evaluation of existing and potential markets. The first step in the analysis is to identify the different retail centers in the regions and the key retail markets (i.e., customer groups) attracted to each center. Retail centers to be examined include other retail areas in Boston (e.g., Quincy Market, Newbury Street), neighborhood and suburban retail areas, and suburban shopping malls. The retail mix in these centers, level of business activity, and alternative shopping destination choices of customer groups attracted will be quantified to identify the centers that compete with Downtown Crossing. Key customer groups and the penetration of Downtown Crossing by market area and retail activity type will be evaluated.

The proposed study will involve the development of actions and policies applicable to both the public and private sectors. CRA has had extensive experience in assisting businesses and government in developing and implementing plans. We view this phase as the most important in that the value of the study will depend on the extent to which practical plans are developed and implemented.

Attached to this letter are examples of recent relevant projects performed by CRA staff members and brief biographical sketches of typical CRA staff members who would be available to perform the proposed study.

We are very interested in performing this study and would be grateful for the opportunity of preparing a proposal based on your guidelines.

Very sincerely yours,

CHARLES RIVER ASSOCIATES


Daniel Brand
Vice President

EXAMPLES OF RECENT EXPERIENCE

Since its founding in 1965, CRA has provided clients with innovative and workable approaches to understanding complex problems and issues. Our clients come from both the public and private sectors. CRA is a recognized multidisciplinary consulting firm with strong capabilities in a wide range of research areas, including urban and regional development, consumer behavior, transportation, environment, energy, and engineering. Below, we describe examples of typical projects relevant to the proposed study.

RETAIL FINANCIAL AND MARKET FEASIBILITY
ANALYSIS IN ARLINGTON, VIRGINIA

For a private developer with large landholdings in Arlington, Virginia, a CRA staff member, who would be assigned to this project, investigated the potential for retail and commercial development and rehabilitation of a five-acre site fronting a busy crosstown thoroughfare. The study suggested a number of development scenarios and provided a detailed analysis of the financial and market feasibility of each scenario. The team's analysis of financial feasibility considered development costs and estimated likely market rent levels in addition to calculating the potential rate of return on development. The market analysis focused on the likelihood of attracting tenants at required rent levels and involved the estimation of county-wide expenditures by goods type, the definition of a market area for the site, and the assessment of market penetration rates by goods type. This analysis allowed the designation of a highest and best use tenant mix and the calculation of estimated sales per square foot of retail and commercial space. The study results were used by the developer in choosing a development strategy for the site and in marketing the property.

OPERATION OF A RETAIL STORE

A CRA urban and regional economist who would be assigned to this study owned and operated a retail men's clothing store for two years prior to his graduate training. While operating this store, he was confronted with the problem of losing customers from a downtown shopping area to new developments in outlying locations. His approach to the problem was to analyze the fixed versus variable costs for the store and to find which of these could be reduced. He calculated a "breakeven" customer flow, which was determined to be higher than the expected customer traffic for his downtown shopping center. A merchants' organization was formed to promote the shopping center and increase customer flow.

ANALYSIS OF THE LEGAL AND IMPLEMENTATION ASPECTS OF THE BOSTON AUTO-RESTRICTED ZONE

For TSC, CRA conducted a comprehensive evaluation of the legal and planning aspects of the implementation of the Boston auto-restricted zone (ARZ). At the outset of the study, a model of the urban policy-making process was developed to serve as a framework for the analysis of Boston ARZ planning and decision making. Then we studied in detail the various stages of the implementation process, including "prehistory," Boston's application for designation as an ARZ demonstration site, detailed planning for the demonstration, and preparation for implementation. Particular attention was devoted to the legal and procedural requirements for implementation, such as public hearings, environmental requirements, labor protection procedures, and union requirements.

An understanding of the legal and institutional environment for ARZ implementation in Boston is important for evaluating both the impacts of the Boston demonstration and the transferability of the demonstration results. Boston's experience can provide guidance to other cities on possible impediments to implementation, steps required to overcome these roadblocks, and the time and resources needed to accomplish these steps. In the near term, the three other ARZ demonstration sites (Providence, Memphis, and New York) stand to benefit from CRA's documentation of the "preimplementation" process in Boston. In the long term, all cities (particularly large ones) considering auto-restrictive strategies in their CBD could learn from the Boston experience. Cities considering less restrictive transportation system management measures (e.g., parking management, bus pre-emption of traffic signals) may also benefit from the Boston ARZ experience.

SMALL BUSINESS DATA BASE

Under contract to the Small Business Administration, CRA is providing critiques of current efforts at analyzing the small business population and the dynamics of its change. This work focuses on the use of the computerized records on individual businesses compiled by the Dun and Bradstreet Corporation.

INDUSTRIAL PARK FEASIBILITY STUDY

For the Economic Development and Industrial Corporation (EDIC) of the city of Gloucester, Massachusetts, CRA performed an economic feasibility and marketability study for a proposed industrial park. At the outset of the project, it became clear that the very specific questions posed by our client -- what problems did Gloucester face, what did community and business

leaders think about them, what aspects of the proposed site were most important in determining its eventual use -- could only be addressed through extensive on-site work and close liaison with the corporation's board of directors. As part of the study, CRA evaluated Gloucester's economic resources, comprehensively assessed local needs and objectives, and identified potential constraints on development.

PROPERTY TAX ASSESSMENT POLICIES

For a private client, CRA is analyzing the property tax assessment policies of a municipality in Massachusetts. CRA has assembled a computer data base of recent property sales and assessments and has used statistical techniques to identify patterns in the assessment. By computing median assessment/sales ratios and coefficients of dispersion, CRA has been able to identify possible inequities in assessment between and within classes of properties.

MARKETS: A SOCIOECONOMIC COMPUTER MODEL FOR LABOR MARKET FORECASTING

For at least a decade there has been a growing recognition of the need for a national/regional impact accounting system to help evaluate the interregional tradeoffs and displacements caused by national and regional policies and projects and exogenous events. In response to this need, CRA has implemented MARKETS, a computer modeling system of regional and interregional socioeconomic development. Through the use of a combination of econometric analyses and simulation experiments, the system enables improved understanding and anticipation of regional and interregional socioeconomic tradeoffs and displacements from alternative policies.

INDUSTRIAL LOCATION

In a study for the Economic Development Administration of the U.S. Department of Commerce, we developed and tested a methodology for forecasting the activity of individual industries in small areas. The techniques can be used to aid decision makers in screening requests for public facilities funds for reasonableness, and for making comparisons between outlooks for areas requesting funds and other areas eligible for federal assistance. They are also useful in estimating the impacts of public expenditures. Data on the entire contiguous United States at both county and state levels were used in developing the technique.

CRA developed an industrial location model to forecast the future industrial structure of each county in the United States. Inputs to the model included the present level and mix of industry in the county under study, and a number of easily accessed socioeconomic factors. Using these data, the model



... EDA to anticipate an area's industrial condition and plan public facilities to cope with any changes. The project also reviewed data problems of EDA, and discussed previous work in the industrial location field.

MANHATTAN GOODS MOVEMENT STUDY

... assisted the New York City Transportation Administration in a study of goods movement in the Manhattan Garment Center. The study team analyzed a number of surveys of street and sidewalk traffic, unloading activity, and parking turnover, and conducted extensive interviews with garment manufacturers to learn their shipping requirements and practices. The study also considered the relation between systems serving passengers and goods movement systems. Concrete proposals were evaluated and recommended for short-term improvements to the system, including parking reservation arrangements, auto-free zones, regulation of delivery hours and improvements to streets and parking areas. An analysis of air quality and noise impacts was an important element of the study.

PROVIDENCE AUTO-RESTRICTED ZONE EVALUATION

... TSC, CRA is studying the effects of transit and pedestrian improvements in the downtown area undergoing extensive urban revitalization. The demonstration, designed to complement Providence's existing ARZ and ongoing downtown projects, consists of six elements:

- Creation of new pedestrian areas in the transportation center of the downtown and along the principal link between the transportation and government centers on the one hand and the retail and financial districts on the other;
- Consolidation of transit transfer locations in the downtown;
- Through-routing of the regional bus system in the downtown;
- New bus priority treatments;
- Creation of a downtown free-fare (or reduced-fare) zone during off-peak hours; and
- Management of programmed downtown activities through a Mall Management Office.

In addition to the demonstration, extensive public and private redevelopment projects are currently (or soon to be) underway in downtown Providence.

CRA will first examine measures of urban revitalization in Providence, and determine how the ARZ demonstration complements these revitalization efforts. We will then focus directly on the ARZ itself. Changes in the level of transportation service and impacts on travel behavior, consumer and business establishment activity, and transit authority operations are being investigated as part of the evaluation.

THE MEMPHIS AUTO-RESTRICTED ZONE (ARZ) DEMONSTRATION

For TSC, CRA is evaluating the Memphis Auto-Restricted Zone (ARZ) Demonstration, one of four demonstrations of ARZ concepts. The principal evaluation issues are the economic and behavioral effects of transit improvements in an existing auto-restricted zone, the Mid-America Mall. The demonstration has four basic elements:

- Operation of a reduced-fare and reduced headway shuttle bus service between the Memphis CBD and a large employment area at the Mid-South Medical Center, approximately one mile away;
- Construction and operation of a downtown transit terminal adjacent to one of the downtown's most heavily-used bus stops;
- Sidewalk improvements along a connecting street between the Mid-America Mall and the new terminal, which visually links these two demonstration elements; and
- Provision of a bus shelter in the Medical Center area and a sidewalk canopy at the new terminal.

The program also includes an expanded transit marketing program. Data will be collected before, during, and after implementation of the demonstration. Data collection instruments include bus on-board, pedestrian, and employee surveys, each of which includes questions on travel and shopping behavior and socioeconomic and demographic characteristics.

REGIONAL ECONOMIC PROFILES SERVICE

CRA produces economic profiles of geographic areas covering a large portion of the United States using data files and computer programs developed as an extension of our work in regional economics. Several profiles have been produced for small areas and regions selected by our clients. Using our master files we produce, individually and in combination, hundreds of basic social, economic, and physical data series describing an area or region. The available techniques allow choice of one or several levels of data aggregation, and determination of both numerical and graphic presentation of

the output. Profiles of this type have been used in developing marketing strategies for individual regions and in allocating business or government investments among regions.

EVALUATION OF PARKING MANAGEMENT DEMONSTRATION IN MADISON, WISCONSIN

For TSC, CRA is evaluating a parking management demonstration sponsored by UMTA. The evaluation has required expertise in work and shopping travel choices, evaluation planning, and survey design.

The demonstration itself involves instituting a series of changes to the operation and pricing structure of municipally-controlled parking facilities in the Madison central business district. In particular, five public parking areas have been converted from meter operation to attendant control (with some meters), and, at a subsequent date, a peak-period parking surcharge of \$1.00 will be levied on all vehicles entering four downtown parking facilities between the hours of 7:00 a.m. and 9:30 a.m. The main objective is to improve the utilization of parking spaces in the downtown area by discouraging single-occupant auto commuter trips to the CBD, thereby increasing the parking spaces available for midday shopping trips. An associated series of transit improvements and incentive programs are planned in order to make transit use and ridesharing more attractive to commuters.

The evaluation will focus principally on the impacts attributable to the parking pricing changes. Planned data collections include screen line and traffic volume counts, parking ramp/lot accumulation and duration counts, and parking surveys.

AUTO-RESTRICTED ZONES: A COURSE AT MIT

A senior CRA staff member, Daniel Brand, taught a course on auto-restricted zone planning and implementation in the Civil Engineering Department at MIT. The course presented students with the findings of UMTA's four ARZ demonstration projects in Boston, New York, Providence, and Memphis. It also covered the ARZ experience in Europe, particularly in Gothenberg, Sweden, Nottingham, England, and the German Pedestrian/Transit malls. Physical elements of ARZs were reviewed in light of community goals and the physical and institutional settings of the center cities. The course also described ways of predicting the positive and negative impacts of ARZ elements on travel, traffic, the environment, and the economy. As a final exercise, the students designed an ARZ for downtown Boston. The present ARZ served as an example, and agency responsibilities were taken into account.

EMPLOYMENT FORECASTS FOR THE GLOUCESTER AREA

For the Gloucester Harbor Development Committee, CRA developed forecasts of employment in the Gloucester, Massachusetts area for 1985 and 1990. Employment levels were estimated on the basis of Boston projections produced by our MARKETS regional model. Forecasts for Gloucester were made for various industries and for two scenarios -- growth rate equal to the Boston rate, and continued industrial suburbanization on the 1970s pattern. We found that computers, instruments, tourism, and business services were prime candidates for the development of the harbor area.

DOWNTOWN PEOPLE MOVERS AND JOINT DEVELOPMENT

For UMTA, CRA reviewed and assessed the joint development opportunities associated with the Downtown People Mover Program. The proposals of the ten winners of the 1976 DPM competition were reviewed to determine the local goals and objectives served by the DPM, and the joint development opportunities associated with each proposal. The feasibility and likelihood of the joint developments and their compatibility with the DPM proposals were evaluated. CRA developed criteria for this kind of evaluation: the degree to which transit improvement played a role in the developments, for example. CRA also considered the DPM and joint development programs in the context of the National Urban Policy and the Department of Transportation's program to meet that policy. We described for UMTA how the DPM projects and their associated joint development opportunities promote national urban policies.

OFFICE INDUSTRY LOCATION PATTERNS

For the National Science Foundation, CRA is studying the redistribution of office industry employment among the BEA economic regions of the United States. This study will provide indicators for monitoring the future regional development of the industry, and will also better explain the causes of shifts in office industry employment within the United States.

For this analysis, we are using the Public Use Sample of the U.S. Census, which contains information on 2 million individuals who responded to questionnaires in 1960 and 1970. CRA will tabulate the data from this source using categories that are relevant to the analysis, rather than those previously decided upon for Census publications.

Mary Lovely, Research Associate, has extensive experience in retail market studies, financial analysis of real property investments, economic impact assessment and transportation policy analysis. She has prepared detailed financial and market feasibility assessments for office, commercial and retail developments. Ms. Lovely had primary responsibility for the development and implementation of market analysis methodologies for a large private developer. Her work on this project included population and income forecasting, the designation of market areas, the estimation of expenditures on a variety of retail goods and commercial services and the measurement and forecasting of market capture rates for existing and proposed retail and commercial space. Her analysis formed the basis of the developers retail development and marketing strategy.

As a research associate at the Urban Land Institute, Ms. Lovely was involved in a study of the fiscal impact of downtown office development. She also researched and authored a feature article for Urban Land magazine entitled "Public Transit and Downtown Development." The article reviewed the urban development impacts of transit improvements in six large North American cities.

Ms. Lovely is currently Principal Investigator for an auto-restricted zone evaluation in Providence, Rhode Island. The demonstration involves the implementation of a variety of urban development and transportation strategies including the creation of new pedestrian areas, a mall management office and a downtown free-fare bus zone. The demonstration evaluation focuses on two levels of analysis: a case study of urban revitalization and an assessment of the impacts of demonstration elements.

She holds a Masters in City and Regional Planning degree from the Harvard University Graduate School of Design.

Robert Pittman, is currently completing (part time), his Ph.D. dissertation in urban and regional economics from Northwestern University. His dissertation is on the topic of regional comparative advantages for business locations. Mr. Pittman is thoroughly familiar with the theory and empirical studies on urban growth and development, including the intra urban location of commercial activity.

While at Northwestern, Mr. Pittman performed research in a National Science Foundation-sponsored project on retail models of consumer choice, reviewing and evaluating the professional marketing literature on this subject. Mr. Pittman has an extensive background in econometrics and statistics which he can bring to bear on the quantitative aspects of the study.

Prior to his graduate studies, Mr. Pittman owned and operated a retail men's clothing store for two years. One management problem Mr. Pittman had to deal with was loss of customers from his store's downtown shopping area to competing developments in outlying locations.

Since joining CRA, Mr. Pittman has worked extensively with MARKETS, CRA's computer-based regional employment and population forecasting model.

Bram Johnson, Senior Research Associate, is a marketing expert at CRA with considerable experience in both private and public sector marketing. He is the past president of Metroprop, Inc. a real estate holding company which owned 170 units and 34 buildings in Albany, New York. He had overall responsibility for all aspects of the operation including negotiation of loans and mortgages, acquisitions, rentals, maintenance and rehabilitation, and administration. Mr. Johnson is currently directing CRA's freight consulting work, including several projects involving market surveys and development of marketing strategies for trucking firms. He is also an internal consultant on several other marketing studies.

Prior to joining CRA, Mr. Johnson was Assistant Vice President of Planning and then Vice President of Marketing at Autotrain Corporation. While at Autotrain his accomplishments included development and analysis of promotional fares, development of a five-year business plan and of marketing forecasts, and creation and implementation of a highly successful comprehensive marketing strategy utilizing special promotions, pricing options, and radio and television advertising. His marketing strategy resulted in a one-year, 35 percent increase in ridership, and a 50 percent reduction in costs at Autotrain. He also implemented a feasibility study of service to a cross-section of regional areas and several targeted markets.

Kim Honetschlager, Research Associate, has specialized in market analysis and behavioral research. As a member of CRA's regional services group, Ms. Honetschlager was involved in the latter stages of the development of MARKETS, a computer model of interregional growth and development. Subsequently, she has been involved in exploring marketing applications for the model. She had major responsibility in the ridesharing market research survey for the Port Authority of New York and New Jersey. For this study she was actively involved in survey design and implementation, methodological development, and analysis of survey results. She also contributed to the final report, which included a discussion of ridesharing marketing strategies.

She has also participated in a travel behavior study for the National Cooperative Highway Research Program. This study included the household and neighborhood variables in travel behavior models of shopping destination choice (among other travel choices).

A market research survey of Amtrak passengers is also among Ms. Honetschlager's past projects. Here she was primarily involved in monitoring the survey's implementation in the field, and in supervising the early stages of its cleaning and analysis.

Ms. Honetschlager received her B.A. in sociology from Carleton College.

Ms. Honetschlager has been a major participant in the evaluation of economic revitalization auto-restricted zone projects in the cities of Memphis and Providence. She is currently principal investigator of the Memphis study. For both evaluations she designed and analyzed surveys of employees, business establishment owners, and pedestrians using the ARZ.

Mr. Robert Lincoln, Senior Research Associate, has worked extensively with commercial clients in business planning and financial analysis. For a client in the railroad industry he analyzed the impact of changes in location of production and consumption of consumer products. For the purchasing department of a large diversified company he designed and built a computer-based product cost analysis system. The purpose of this project was to enable the client to monitor the costs of suppliers in comparison to the prices they quoted.

Before joining CRA in 1975, Mr. Lincoln was a consultant at McKinsey & Co. He holds a Masters degree in Business Economics from Harvard.

Dr. James C. Burrows, Senior Research Associate, has extensive experience in the analysis of industrial activity and business location decisions.

He has developed a set of long term forecasts of economic growth at the county level and has participated in the development of the CRA MARKETS forecasting model of regional demographics and employment.

Dr. Burrows is the author of Industrial Location in the United States, Heath Lexington Books, 1971.

